



21 September 2017

BS/WG/TED&CM/R(2017)1

**REPORT OF THE
JOINT MEETING OF THE BSEC WORKING GROUPS
ON TRADE AND ECONOMIC DEVELOPMENT AND ON CUSTOMS MATTERS
(BSEC Headquarters, 21 September 2017)**

1. The Joint Meeting of the BSEC Working Groups (WGs) on Trade and Economic Development and on Customs Matters was held at the BSEC Headquarters on 21 September 2017.
2. The Meeting was attended by the following BSEC Member States:

Republic of Azerbaijan
Republic of Bulgaria
Georgia
Republic of Moldova
Russian Federation
Republic of Turkey
Ukraine
3. The following BSEC Observers attended the Meeting:

Arab Republic of Egypt
European Commission
4. The following BSEC Sectoral Dialogue Partner also participated in the Meeting:

Union of Road Transport Associations in the Black Sea Economic Cooperation Region (BSEC-URTA)
5. The representatives of the United Nations Economic Commission for Europe (UNECE) and International Road Transport Union (IRU) participated in the Meeting as Guests.
6. The List of Participants is attached as **Annex I**.

7. The Meeting was chaired by Mr. Sergii KRAVCHENKO, Consul in charge of BSEC, Consulate General of Ukraine in Istanbul.

AGENDA ITEM 1: ADOPTION OF THE AGENDA

8. The Draft Agenda of the Joint Meeting was discussed and adopted. The Agenda, as adopted, is attached as **Annex II**.

AGENDA ITEM 2: CONSIDERATION OF THE DRAFT REGIONAL TRADE FACILITATION STRATEGY FOR THE BSEC REGION

9. The participants of the Joint Meeting discussed and amended the text of the Draft Regional Trade Facilitation Strategy for the BSEC Region. The text of the Draft Strategy is attached as **Annex III**. The Delegation of the Republic of Azerbaijan requested the attachment of a Declaration as an Annex to the Draft Strategy. The text of the Declaration is attached to the Report as **Annex IV**. As no consensus was reached, the participants of the Joint Meeting decided to submit the issue for consideration of the BSEC Committee of Senior Officials.

AGENDA ITEM 3: ANY OTHER BUSINESS

10. No issue was raised under this agenda item.

AGENDA ITEM 4: ADOPTION OF THE REPORT OF THE JOINT MEETING

11. The participants of the Joint Meeting adopted the Report to be submitted to the next Meeting of the Committee of Senior Officials.

**JOINT MEETING OF THE BSEC WORKING GROUPS
ON TRADE AND ECONOMIC DEVELOPMENT AND
ON CUSTOMS MATTERS**

BSEC Headquarters, 21 September 2017

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Annex II to BS/WG/TED&CM/R(2017)1

**JOINT MEETING
OF THE BSEC WORKING GROUPS
ON TRADE AND ECONOMIC DEVELOPMENT AND ON CUSTOMS MATTERS
(BSEC Headquarters, 21 September 2017)**

AGENDA

1. Adoption of the Agenda.
2. Consideration of the Draft Regional Trade Facilitation Strategy for the BSEC Region.
3. Any other business.
4. Adoption of the Report of the Joint Meeting.

DRAFT REGIONAL TRADE FACILITATION STRATEGY FOR THE BLACK SEA ECONOMIC COOPERATION (BSEC) REGION

1. VISION

Trade facilitation – cutting the bureaucratic, procedural barriers to trade - is becoming a key factor for raising the competitiveness and economic development of countries and regions. Moreover, trade facilitation has the potential to enhance economic cooperation among countries with different trade policy goals and levels of economic development or belonging to different economic blocs. The standards and recommendations for trade facilitation developed by UNECE (CEFACT) and the entry into force on 22 February 2017 of the Trade Facilitation Agreement (TFA) of the World Trade Organization (WTO) gave an impetus to promote further trade facilitation measures.

The BSEC Region lags behind, in terms of OECD and World Bank indicators, even in comparison with countries with similar level of economic development.¹ There is a considerable space for improvement in the performance of the countries, especially through regional cooperation. A strategic approach, agreed among the countries, would make a significant contribution to facilitating trade in the region.

Trade facilitation has been on the agenda of BSEC for years. In the Joint Declaration of the Ministers in charge of Economy of the BSEC Member States on “Facilitating Intraregional Trade and Investments”, adopted at their Meeting, held in Chisinau on 29 May 2015, the Ministers “declared their willingness to give priority consideration to trade facilitation among the BSEC Member States and support ongoing efforts at the relevant BSEC Working Groups to establish a Regional Trade Facilitation Strategy for the BSEC Region”. Consequently, promoting a strategic vision of trade facilitation implementation became a priority for the working groups.

In this framework, this Strategy has been developed and should be implemented in a transparent way, involving all national, regional and international public and private stakeholders in a trade facilitation reform process in the BSEC Member States. It should take into account the existing recommendations and standards for trade facilitation, including those of UNECE, WCO, ISO and WTO.

The vision of this strategy is to simplify and harmonize international trade procedures and to increase the efficiency of border crossing procedures in the BSEC Region through improving the performance of BSEC Member States on a set of international baseline Trade Facilitation (TF) indicators.

¹ The 2017 World Bank Doing Business / Trading Across Borders average ranking for the BSEC Member States is 107 out of 190 economies (it ranges between 1 and 140 for the individual countries).

2. BASELINE SITUATION

For evaluation of status of BSEC Member States with regard to the implementation of TF measures, two essential tools will be utilized in this strategy: (i) OECD TF Indicators, (ii) recommendations and standards of UNECE (CEFACT).

Available Trade Facilitation Indicators:

An analysis of the OECD Trade Facilitation Indicators² for the BSEC Member States shows that the countries' performances vary significantly. As a general trend, performance is low most of all in "governance and impartiality" of implementing trade facilitation in 5 Member States, as well as in external border agency cooperation with agencies of 4 Member States, and streamlining documentary formalities in 7 Member States. Problematic areas for specific Member States include advance rulings and fees and charges.

Consequently, there is a need for organizing national or regional capacity-building initiatives in the areas of governance, impartiality and transparency. Developing and implementing projects on the harmonization and standardization of trade and transport documents, including electronic document exchange, data harmonization, and development of trade information portals and Single Window mechanisms are also needed.

The BSEC Member States need to improve their documentary formalities, and draw considerable benefits from decreasing trade costs. They may wish to carry out business process analyses, identify repeated or unnecessary document and data requirements, and identify reforms that would streamline documentary procedures. In this sense, they can reassess the level of use of international standards for trade and transport documents and documentary procedures.

The Member States can reap benefits from improvements in the areas of automation of formalities, introducing modern means of collection and distribution of trade information, such as the Single Window and paperless trade. The Member States can carry out joint projects on electronic information exchange. Attention should be paid to reviewing and modernizing administrative practices rather than investments in technical skills and facilities. Improvements in this area may affect positively other areas for development.

Efficient cooperation of border control agencies would reduce delays at border crossings, improve border-crossing procedures and risk management. Possible remedies include the implementation of UNECE's International Convention on the Harmonization of Frontier Control of Goods from 1982, Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention) of 1975, the Revised Kyoto Convention and other instruments of the WCO, UNECE's Recommendations 4 and 40.

The efficiency of Customs clearance, facilitating the establishment of competitive prices of transportation, and improving the quality of infrastructure for trade and transport are

² In order to help governments improve their border procedures, reduce trade costs, boost trade flows and reap greater benefits from international trade, OECD has developed a set of trade facilitation indicators that identify areas for action and assessment of potential impact of reforms (see <http://www.oecd.org/trade/facilitation/indicators.htm>).

areas for improvement.³

In general, the BSEC Member States can benefit significantly from trade facilitation in the following areas: streamlining documentary procedures; shortening delays at border-crossings; better risk management; automation of formalities; and enhancement of trust and involvement of trade community. The customs authorities shall endeavor to maintain a dialogue on the improvement of performance of customs procedures to facilitate trade within BSEC.

The Member States should get acquainted with international best practices of trade facilitation using cross-border paperless trade. In order to increase the efficiency and transparency of international commercial transactions, it is necessary to create opportunities for the development of paperless trade and cross-border recognition of electronic data and documents.

3. GOALS

The BSEC Member States adopt this trade facilitation strategy with the aim to:

1. Promote trade facilitation reforms;
2. Facilitate the freedom of transit through transparency, reduction and limitation of formalities and documentation requirements, without prejudice to all existing and future national regulations, as well as bilateral, plurilateral, multilateral agreements and other commitments undertaken by the BSEC Member States, related to regulating transport in conformity with WTO rules;
3. Improve the performance of the BSEC Member States on a list of trade performance indicators;
4. Encourage the development of more extensive national trade facilitation strategies;
5. Enhance regional cooperation on practical activities facilitating trade;
6. Support the implementation of trade facilitation measures stipulated in the international agreements that all BSEC Member States are parties to;
7. Exchange recent achievements and experience in monitoring and evaluation in the field of trade facilitation;
8. Encourage the use of existing international trade facilitation instruments and standards, e.g. those developed by UNECE, UNCTAD, WCO, and others.

4. ACTIVITIES

The Member States should concentrate on the following priority activities:

1. Cooperating for the implementation of international standards for trade facilitation with the assistance of the international organizations;

³ According to the indications by the World Bank Logistics Performance Index (LPI).

- 2.** Sharing experiences among BSEC Member States with regard to implementation of international trade facilitation agreements which the BSEC Member States are parties to;
- 3.** Facilitating through the BSEC Web Page the access to relevant information on trade regulatory requirements of the BSEC Member States;⁴
- 4.** Establishing enquiry points in each country and creating a BSEC enquiry point;
- 5.** Encouraging the facilitation of visa requirements for the actors in the regional trade;
- 6.** Reviewing of formalities, documentary requirements and procedures with a view to simplifying them;
- 7.** Establishing or strengthening existing mechanisms for consultation between public and private stakeholders on new or revised legislation in each BSEC Member State;
- 8.** Implementation of procedures and legislation for: pre-arrival processing, electronic payments, separation of the release of goods from the final determination of duties, periodic review of fees and taxes, risk management, and post clearance audit;
- 9.** Enhancing the functioning of appeal systems in the BSEC Member States;
- 10.** Conducting Time Release Studies (TRS) and Business Process Analyses (BPA), and publishing the results;
- 11.** Implementation of Authorized Economic Operators (AEO) schemes;
- 12.** Developing and implementing procedures giving priority to customs processing of perishable goods;
- 13.** Harmonizing border-crossing procedures;
- 14.** Enhancing border agency cooperation through putting together mechanisms of internal coordinated management of trade control agencies active at the border and establishing bilateral mechanisms (e.g. regular meetings or joint commissions) to coordinate border controls at each border-crossing or related border-crossing points;
- 15.** Developing procedures for temporary admission of goods and inward and outward processing, where they are not yet in place;
- 16.** Facilitating free transit in the BSEC Region where fees and charges are commensurate with services rendered;
- 17.** Establishing separate infrastructure for goods in transit, wherever possible;
- 18.** Establishing a procedure of collaboration among national transit coordinators in the BSEC Region;
- 19.** Enabling regional and bilateral exchange of customs information among the BSEC Member States;
- 20.** Using internationally standardized customs terminology and trade data definitions by the BSEC Member States;
- 21.** Introducing tools and mechanisms to fight against customs offences and smuggling;
- 22.** Modernizing customs control, using most up-to-date technical control means;

⁴ A list of items required for publication by WTO Members is listed in the WTO Trade Facilitation Agreement.

23. Efficient using of human resources, increasing the professional skills of customs and other regulatory officers;
24. Sharing information on the best practices in customs matters and developing cooperation mechanisms in this field;
25. Developing information exchange among customs authorities within a Green Corridor and developing projects on mutual recognition of customs control results;
26. Use of information technologies for documents and data submission for the declaration of goods and their delivery;
27. Establishing Single Window and/or Port Community Systems;
28. Promotion of bilateral and multilateral agreements for the purpose of ensuring cross-border mutual recognition of documents and data on trade in electronic form.

5. SCHEDULE OF IMPLEMENTATION AND MEASURING PROGRESS

Measuring progress in the implementation of this strategy will take place in the following formats:

- (i) Assessing and comparing all relevant information (e.g. cost and time of exporting/importing a container) in internationally recognized indexes, notably, the Trade Facilitation Indicators of the Organisation for Economic Co-operation and Development (OECD)⁵, the World Bank's Logistics Performance Index (LPI)⁶ and Trading Across Borders index in the Doing Business Reports (taking into account the change of methodology in 2016)⁷; the data in the joint United Nations Regional Commissions Trade Facilitation and Paperless Trade Implementation Survey 2015 Europe and Central Asia Report⁸. A weighed report of all indices will be taken as a performance indicator for measuring the progress in implementing this strategy.
- (ii) Results of time-release studies (TRS) based on the WCO TRS methodology, and/or business process analyses (BPA) using methodologies such as the UNECE and UNESCAP BPA Methodology⁹, as well as benchmarking against best practices from other countries will also be utilized.
- (iii) The BSEC Member States and the BSEC PERMIS, in cooperation with interested international organizations, would further develop indicators of achievement to measure progress in the implementation of this Strategy.

With regard to implementation:

⁵ <http://www.oecd.org/trade/facilitation/indicators.htm>

⁶ <http://lpi.worldbank.org/>

⁷ <http://www.doingbusiness.org/reports/global-reports/doing-business-2016>. The methodology of the trading across Borders section has changed significantly, making it impossible to make comparisons with data from previous years. For this Strategy, it may be possible to use the data from the 2016 onwards.

⁸ <http://unnex.unescap.org/survey/UNECE%20report%20Europe%20and%20Central%20Asia%20final%20v.2%2020%20Oct%202015.pdf>

⁹ http://unnex.unescap.org/tools/business_process.asp

- (i) A group of experts, designated by the BSEC Member States, shall prepare periodically updated action plans, which will consist of specific activities to be conducted at the regional level and a timeline with the desired outcomes, to be submitted to the Joint Meetings of the Working Groups on Customs Matters and on Trade and Economic Development. The modalities of a group of experts should be elaborated at the Joint Meeting of the above-mentioned BSEC Working Groups.
- (ii) The BSEC PERMIS shall issue bi-annual progress reports based on the feedback provided by the BSEC Member States about the implementation of the activities. Progress reports should also include the performance of the BSEC Member States on internationally recognized indexes at the relevant period and progress made on the activities listed above.

6. GOVERNANCE STRUCTURE

The BSEC Working Groups on Trade and Economic Development and on Customs Matters shall oversee the implementation of this Regional Trade Facilitation Strategy.

The above BSEC Working Groups shall assign the BSEC PERMIS to prepare bi-annual reports and other necessary documents.

On the level of the Member States, relevant national trade facilitation bodies will consider supporting the implementation of this Strategy.

7. REVIEW

The Strategy should be reviewed every five years.

Annex IV to BS/WG/TED&CM/R(2017)1

**“Declaration by the Delegation of the
Republic of Azerbaijan on the Regional Trade Facilitation Strategy for the Black
Sea Economic Cooperation (BSEC) Region**

The Republic of Azerbaijan declares that the Regional Trade Facilitation Strategy for the Black Sea Economic Cooperation (BSEC) Region will not entail any cooperation between the Republic of Azerbaijan and the Republic of Armenia until the liberation by the Republic of Armenia the occupied territories of the Republic of Azerbaijan (Nagorno-Karabakh region of the Republic of Azerbaijan and seven surrounding districts) and complete elimination of the consequences of that occupation”.